



**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER
AUDIT DIVISION**

**John M. Kennedy, Jr.
Comptroller**

**An Audit of the
Suffolk County Department of Information Technology's
Payroll Procedures
For the Period
January 1, 2015 through December 31, 2015**

**Report No. 2017-06
Date Issued: July 25, 2017**

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

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EXECUTIVE SUMMARY

Introduction:

The Suffolk County Comptroller's Office has reviewed the payroll procedures of the Suffolk County Department of Information Technology (Department) for the period January 1, 2015 through December 31, 2015.

Purpose:

The purpose of our review of the Department's payroll procedures was to determine if the Department's time and accrual sheets were properly processed in accordance with applicable contracts, Suffolk County Standard Operating Procedures (SOPs), Directives of the Office of Labor Relations and related payroll documentation; to determine if the Department's time and accrual sheets accurately reflect employee hours worked, benefit hours accrued and utilized during the audit period; as well as to review the Department's current payroll procedures to determine if the Department has adequate procedures in place to record, process and properly claim payroll expenses to the County.

Summary of Significant Findings:

- The Department incorrectly calculated overtime hours for one Grade 31 employee on numerous occasions, resulting in the employee receiving 128.125 hours of compensatory time to which she was not entitled from her hire date through February 28, 2016.
- The Department improperly allowed the abovementioned Grade 31 employee to retain 57.75 compensatory time hours which should have been forfeited.
- The Department incorrectly paid one employee 7 hours of overtime for work not actually performed.
- The Department incorrectly calculated the overtime hours for three employees, resulting in a shortage of 0.625 hours for one employee, an overage of 2 hours for the second employee and an overage of 0.71 hours for the third employee.
- One employee's Time & Accrual Record did not reflect 7 hours of vacation time used by the employee, as per the SCIN Form 49 (11/04), "Application For Leave," and the Department's Outlook Calendar.
- The Department does not have an adequate system of internal controls in place to monitor employee absences.

- There were two instances in which the Department could not provide SCIN Form 17, "Overtime Authorization," as required by Suffolk County SOP A-17.
- There were several instances in which SCIN Form 17, "Overtime Authorization Form" was not properly completed in accordance with Suffolk County All Payroll/Personnel Representatives Memorandum dated August 27, 1985.
- The Department did not provide the Department of Audit & Control with time sheets for the Commissioner, Deputy Commissioner and Acting Commissioner during the audit period, as required by §77-18 of the Suffolk County Code.

Summary of Significant Recommendations:

- The Department should adjust the employee's current Time & Accrual Record for 128.125 hours of compensatory time that the employee received in error, and for 57.75 hours of compensatory time that should have been forfeited in accordance with the provisions of the Suffolk County AME Contract.
- The Department should comply with the overtime provisions of the Suffolk County AME contract and ensure that employees are not compensated for work that is not actually performed.
- The Department should adjust the employees' current Time & Accrual Records to accurately reflect the overtime hours to which the employees are entitled. In addition, the Department should ensure that employees receive overtime in accordance with the provisions of the Suffolk County AME Contract.
- The Department should ensure that an adequate system of internal controls is in place to monitor employee absences.
- The Department should comply with the provisions of Suffolk County SOP A-17 and the All Payroll/Personnel Representatives Memorandum and ensure that the Overtime Authorization is properly completed for each overtime occurrence.

BACKGROUND

The Suffolk County Department of Information Technology manages and coordinates the County's use of existing and emerging technologies in governmental operations. The overall goal of the Department is to make government more efficient, effective and accessible, through the use of technology. The Department is comprised of the following three units:

- Information Technology Services
- Telecommunications
- Direct Charge Support Staff

The Department has an electronic building access system (fob system) at Information Technology Services Building 50, Telecom Building 151 and the Riverhead Data Center, where the employees electronically sign in and out of the building each day. When the employees are at a building which is not fob equipped, employees call in and their attendance is noted on an Outlook Calendar. The Department can also monitor employee's whereabouts by using the TrackIT System, which requires dispatchers to assign service requests and technicians to document their progress in real time.

Suffolk County AME employees (Bargaining Units 2 & 6) hired after September 3, 2001 work a 37 ½ hour workweek their first year and then revert to a 35 hour workweek in accordance with the provisions contained in the Suffolk County AME Contract. All employees excluded from collective bargaining agreements and serving as management/management confidential employees (Bargaining Unit 21) mirror the workweek of the AME contract and work a 37 ½ hour workweek their first year and then revert to a 35 hour workweek.

SCOPE AND METHODOLOGY

- Reviewed relevant Suffolk County Laws, Resolutions, All Department Head Memorandums, Payroll Memorandums and the Suffolk County AME Contract.
- Conducted interviews of Department personnel as deemed necessary to obtain an understanding of the procedures used to record and process employee time sheets.
- Interviewed Departmental personnel responsible for monitoring employee sick leave usage in order to determine if the Department is complying with the provisions of the Sick Leave Management Program.
- Obtained a crystal report from the Comptroller's Payroll Division of all Department personnel who worked from January 1, 2015 through December 31, 2015. Using the crystal report, we randomly selected six employees from Bargaining Unit 2 and one employee from each of the remaining bargaining units (total of nine employees), for testing.
- Performed testing procedures as deemed necessary for all time and accrual sheets submitted by the above nine employees from January 1, 2015 through December 31, 2015.
- Expanded testing for one employee included in the initial sample who was found to have incorrectly earned compensatory time at time and one half when the employee should have earned compensatory time at straight time. Obtained all Time & Accrual Records and overtime authorization slips for the employee from her hire date through February 28, 2016, and calculated the number of hours paid to this employee in error.
- Used the IDEA Data Analysis Software random sampling function to randomly select ten Grade 24 or higher employees for testing. Reviewed all Time & Accrual Records for the ten employees for the audit period to ensure that the employees did not receive time and one half overtime compensation.
- Used the IDEA Data Analysis Software to select all Grade 23 and lower employees hired on or after January 1, 2006, who were not previously tested. Reviewed all Time & Accrual Records for each employee for the audit period to ensure that if the employee worked overtime, he/she only received time and one half for hours exceeding 40 hours actually worked during a given week.
- Performed additional testing procedures as deemed necessary to investigate an anonymous complaint regarding time reporting inconsistencies in the Department.

With the exception of the external peer review requirement, we conducted our audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Such standards require that we plan and perform our audit to adequately assess those operations that are included in our audit scope.

AUDIT FINDINGS

The Department incorrectly calculated overtime hours for one Grade 31 employee on numerous occasions, resulting in the employee receiving 128.125 hours of compensatory time to which she was not entitled from her hire date through February 28, 2016. The Suffolk County AME Contract requires employees who are in Grade 24 and above to accrue compensatory hours at straight time; however, the Department erroneously accrued overtime hours at time and one half for this employee on numerous occasions, resulting in the employee receiving 128.125 hours of compensatory time to which she was not entitled.

The Department improperly allowed the abovementioned Grade 31 employee to retain 57.75 compensatory time hours which should have been forfeited. The Suffolk County AME Contract allows employees who are in Grade 24 and above to convert up to 70 hours of accrued compensatory time to vacation and/or sick hours at the end of the year. The contract further states any compensatory time not used or converted at year end shall be lost. Our audit testing revealed this employee converted 80.75 compensatory time hours to vacation at the end of 2012, which is 10.75 hours more than the contract allows employees to convert in a given year. In addition, the same employee did not convert 47 hours of accrued compensatory time to either vacation or sick time at the end of 2013. As a result, these 57.75 compensatory time hours should have been forfeited.

The Department incorrectly paid one employee 7 hours of overtime for work not actually performed. The employee was called into work on a non-work day on three separate occasions and was given credit for 4 hours of compensation time each day; however, the employee only worked 1.5 hours, 1.5 hours and 2 hours on each of these three days. Section 6.4 of the Suffolk County AME Contract states, “An employee, who is recalled to work on his/her normal work day or is called-in or directed to work on any non-work day, shall receive a minimum of four hours pay computed at the overtime rate...” and “The employee shall remain at his/her job assignment and physically work for these minimum number of hours. If said employee does not remain on the job, he/she shall only be paid for the hours actually worked, unless directed to leave by a supervisor, in which case he/she shall be compensated for four hours.” The employee's supervisor signed the overtime slip but did not answer several emails asking her if she authorized this employee to leave the work station prior to the completion of 4 hours each day.

The Department incorrectly calculated the overtime hours for three employees, resulting in a shortage of 0.625 hours for one employee, an overage of 2 hours for another employee and an overage of 0.71 hours for the third employee. The errors were attributed to the Department not complying with the provisions of the Suffolk County AME Contract which states that employees hired on or after July 1, 2006 are entitled to overtime at straight time for all hours worked after actually working 35 or 37.5 hours, as applicable, during the work week, and at time and one-half after actually working 40 hours during the work week.

One employee's Time & Accrual Record did not reflect 7 hours of vacation time used by the employee as per the SCIN Form 49 (11/04), "Application For Leave," and the Department's Outlook Calendar. Therefore, accrued vacation time is overstated by 7 hours on the employee's Time & Accrual Record.

The Department does not have an adequate system of internal controls in place to monitor employee absences. Our audit testing revealed numerous instances in which the Department's Outlook Calendar which is used to monitor attendance did not accurately reflect accrued time recorded on the employee's Time & Accrual Record.

When employee absences are not properly monitored, there is an increased opportunity for errors or fraud to occur and possibly result in employees being paid for time not worked.

There were two instances in which the Department could not provide SCIN Form 17, "Overtime Authorization," as required by Suffolk County SOP A-17. Suffolk County Standard Operating Procedure A-17 applies to all County employees who are eligible for overtime and specifically states, "All County agencies must use SCIN Form 17, Overtime Authorization."

There were several instances in which the SCIN 17, "Overtime Authorization" form was not properly completed in accordance with Suffolk County All Payroll/Personnel Representatives Memorandum dated August 27, 1985. The Memorandum specifically states, "SCIN Form #17 requires three signatures (employee, supervisor and Department Head or Department Head Representative)." However, our audit testing revealed one instance where an employee did not sign the form and ten instances where the supervisor and/or department head did not sign the Form.

The Department did not provide the Department of Audit & Control with time sheets for the Commissioner, Deputy Commissioner and Acting Commissioner during the audit period, as required by §77-18 of the Suffolk County Code. The Department was unaware of the requirement and has subsequently provided all missing time sheets to the Department of Audit & Control as of March 2, 2016.

In addition to the significant findings identified above, our audit revealed the following additional opportunities to improve internal controls over payroll procedures:

Three of the eight employees tested (38%) who earned overtime during the audit period did not properly complete their Time & Accrual Records. Employees incorrectly reported overtime hours earned in the "Overtime" column of the Time & Accrual Record rather than the actual overtime hours worked as required by the "Instructions For Employee Preparation of Time & Accrual Record," SCIN-157.

There were numerous instances in which employees did not always submit SCIN Form 49 (11/04), "Application For Leave," for the use of vacation, personal and sick time. Our audit testing revealed numerous instances in which employees did not complete Application For Leave slips for the use of vacation, personal and sick time. In addition, the Department did not require an Application For Leave for sick time unless the employee is out for three or more consecutive days.

RECOMMENDATIONS

- The Department should adjust the employee's current Time & Accrual Record for 128.125 hours of compensatory time that the employee received in error, and for 57.75 hours of compensatory time that should have been forfeited in accordance with the provisions of the Suffolk County AME Contract. In addition, the Department should ensure that compensatory time for Grade 24 and above employees is calculated at one hour for every hour worked.
- The Department should comply with the overtime provisions of the Suffolk County AME contract and ensure that employees are not compensated for work that is not actually performed.
- The Department should adjust the employee's current Time & Accrual Records to accurately reflect the overtime hours that the employees are entitled to. In addition, the Department should ensure that employees receive overtime in accordance with the provisions of the Suffolk County AME Contract.
- The Department should ensure that employee Time & Accrual Records accurately reflect actual hours worked and accrued time used. In addition, the Department should deduct 7 hours of vacation time from the employee's current Time & Accrual Record.
- The Department should ensure that an adequate system of internal controls is in place to monitor employee absences. In addition, adequate documentation should be maintained to support the hours worked and accrued hours taken for all employees.
- The Department should comply with the provisions of Suffolk County SOP A-17 and the All Payroll/Personnel Representatives Memorandum and ensure that the Overtime Authorization is properly completed for each overtime occurrence.
- The Department should ensure that overtime hours are properly reported on employee Time & Accrual Records.
- All employees should complete Application For Leave slips for all leave time. The Application For Leave slip should be used to verify the accuracy and propriety of the employee's Time & Accrual Record, attached to the employee's Time & Accrual Record and retained for a period of six years in accordance with Suffolk County Laws, Chapter 1079, "Records Retention."

APPENDICES

APPENDIX A

COUNTY OF SUFFOLK




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TO: Joseph Pecorella, Jr., CPA
FROM: Scott Mastellon, Commissioner 
DATE: June 30, 2017
SUBJECT: Response to Audit of Departmental Payroll Procedures

We have reviewed the draft of an Audit of the Suffolk County Department of Information Technology's Payroll Procedures for the period January 1, 2015 through December 31, 2015 and included the department's responses below. If you should have any additional questions or require any clarifications to the above noted responses, please do not hesitate to reach out to my office.

Audit Finding #1: *The Department incorrectly calculated overtime hours for one Grade 31 employee on numerous occasions, resulting in the employee receiving 128.125 hours of compensatory time to which she was not entitled from her hire date through February 28, 2016.* The Suffolk County AME Contract requires employees who are in in Grade 24 and above to accrue compensatory hours at straight time; however, the Department erroneously accrued overtime hours at time and one half for this employee on numerous occasions, resulting in the employee receiving 128.125 hours of compensatory time to which she was not entitled.

Departmental Response to Finding #1 – The department is currently in the process of reviewing the worksheet used to calculate the accrued overtime in question and upon confirmation on the hours, the affected employee's accruals will be adjusted accordingly on their current time and accrual

timesheet. In addition, the department has implemented review procedures with our payroll representatives to ensure future OT accruals are calculated appropriately.

Audit Finding #2: *The Department improperly allowed the abovementioned Grade 31 employee to retain 57.75 compensatory time hours which should have been forfeited.* The Suffolk County AME Contract allows employees who are in Grade 24 and above to convert up to 70 hours of accrued compensatory time to vacation and/or sick hours at the end of the year. The contract further states any compensatory time not used or converted at year end shall be lost. Our audit testing revealed this employee converted 80.75 compensatory time hours to vacation at the end of 2012, which is 10.75 hours more than the contract allows employees to convert in a given year. In addition, the same employee did not convert 47 hours of accrued compensatory time to either vacation or sick time at the end of 2013. As a result, these 57.75 compensatory time hours should have been forfeited.

Departmental Response to Finding #2 – This particular issue was the result of a software glitch in the Department's electronic Time and Accrual system which has subsequently been corrected. The affected employee's accruals will be adjusted accordingly on their current time and accrual timesheet.

Audit Finding #3: *The Department incorrectly paid one employee 7 hours of overtime for work not actually performed.* The employee was called into work on a non-work day on three separate occasions and was given credit for 4 hours of compensation time each day; however, the employee only worked 1.5 hours, 1.5 hours and 2 hours on each of these three days. Section 6.4 of the Suffolk County AME Contract states, "An employee, who is recalled to work on his/her normal work day or is called-in or directed to work on any non-work day, shall receive a minimum of four hours pay computed at the overtime rate..." and "The employee shall remain at his/her job assignment and physically work for these minimum number of hours. If said employee does not remain on the job, he/she shall only be paid for the hours actually worked, unless directed to leave by a supervisor, in which case he/she shall be compensated for four hours." The employee's supervisor signed the overtime slip but did not answer several emails asking her if she authorized this employee to leave the work station prior to the completion of 4 hours each day.

Departmental Response to Finding #3 – The department will continue efforts to reach out to the supervisor, who has been transferred to another department, to determine the specifics on the dates in question. As soon as we are able to confirm the details, the appropriate actions will be taken to either verify the hours or adjust the affected employee's accruals accordingly. In addition, we have implemented new procedures to ensure proper documentation is submitted and filed accordingly in these situations.

Audit Finding #4: *The Department incorrectly calculated the overtime hours for three employees, resulting in a shortage of 0.625 hours for one employee, an overage of 2 hours for another employee and an overage of 0.71 hours for the third employee.* The errors were attributed to the Department not complying with the provisions of the Suffolk County AME Contract which states that employees hired on or after July 1, 2006 are entitled to overtime at straight time for all hours worked after actually working 35 or 37.5 hours, as applicable, during the work week, and at time and one-half after actually working 40 hours during the work week.

Departmental Response to Finding #4 – The affected employee’s accruals will be adjusted accordingly on their current time and accrual timesheet. In addition, the department is providing training to all staff on how to prevent these types of issues from occurring in the future.

Audit Finding #5: *One employee's Time & Accrual Record did not reflect 7 hours of vacation time used by the employee as per the SCIN Form 49 (11/04), "Application For Leave," and the Department's Outlook Calendar.* Therefore, accrued vacation time is overstated by 7 hours on the employee's Time & Accrual Record.

Departmental Response to Finding #5 – The affected employee’s accruals will be adjusted accordingly on their current time and accrual timesheet.

Audit Finding #6: *The Department does not have an adequate system of internal controls in place to monitor employee absences.* Our audit testing revealed numerous instances in which the Department's Outlook Calendar which is used to monitor attendance did not accurately reflect accrued time recorded on the employee's Time & Accrual Record. When employee absences are not properly monitored, there is an increased opportunity for errors or fraud to occur and possibly result in employees being paid for time not worked.

Departmental Response to Finding #6 – We have reinforced our internal policies among all supervisors to ensure the Outlook calendar accurately reflects accrued time recorded on their employee's time & accrual record. In addition, the department is always looking for ways to improve our internal controls and will work with Audit & Control and other departments to solicit ideas and suggestions to further improvements.

Audit Finding #7: *There were two instances in which the Department could not provide SCIN Form 17, "Overtime Authorization," as required by Suffolk County SOP A-17.* Suffolk County Standard Operating Procedure A-17 applies to all County employees who are eligible for overtime and specifically states, "All County agencies must use SCIN Form 17, Overtime Authorization."

Departmental Response to Finding #7 – Since the completion of this audit, additional internal procedures have been implemented with our payroll representative to ensure a SCIN 17 "Overtime Authorization" is properly completed for all overtime.

Audit Finding #8: *There were several instances in which the SCIN 17, "Overtime Authorization" form was not properly completed in accordance with Suffolk County All Payroll/Personnel Representatives Memorandum dated August 27, 1985.* The Memorandum specifically states, "SCIN Form #17 requires three signatures (employee, supervisor and Department Head or Department Head Representative)." However, our audit testing revealed one instance where an employee did not sign the form and ten instances where the supervisor and/or department head did not sign the Form.

Departmental Response to Finding #8 – Since the completion of this audit, additional internal procedures have been implemented with our payroll representatives to ensure a SCIN 17 "Overtime Authorization" is properly completed for all overtime.

Audit Finding #9: *The Department did not provide the Department of Audit & Control with time sheets for the Commissioner, Deputy Commissioner and Acting Commissioner during the audit period, as required by §77-18 of the Suffolk County Code.* The Department was unaware of the requirement and has subsequently provided all missing time sheets to the Department of Audit & Control as of March 2, 2016. In addition to the significant findings identified above, our audit revealed the following additional opportunities to improve internal controls over payroll procedures:

Departmental Response to Finding #9 – Since the completion of this audit, additional internal procedures have been implemented to comply with this Suffolk County code.

Audit Finding #10: *Three of the eight employees tested (38%) who earned overtime during the audit period did not properly complete their Time & Accrual Records.* Employees incorrectly reported overtime hours earned in the "Overtime" column of the Time & Accrual Record rather than the actual overtime hours worked as required by the "Instructions For Employee Preparation of Time & Accrual Record," SCIN-157.

Departmental Response to Finding #10 – The affected employee's accruals will be adjusted accordingly on their current time and accrual timesheet. In addition, the department is providing training to all staff on how to prevent these types of issues from occurring in the future.

Audit Finding #11: *There were numerous instances in which employees did not always submit SCIN Form 49 (11/04), "Application For Leave," for the use of vacation, personal and sick time.* Our audit testing revealed numerous instances in which employees did not complete Application For Leave slips for the use of vacation, personal and sick time. In addition, the Department did not require an Application For Leave for sick time unless the employee is out for three or more consecutive days.

Departmental Response to Finding #11 – Since the completion of this audit, additional internal procedures have been implemented to ensure employees are properly submitting SCIN Form 49 for the use of vacation, personal and sick time.

APPENDIX B

Comptroller Office's Comments on the Department's Response

Auditee: Suffolk County Department of Information Technology

The Department submitted a written response to the audit report (Appendix A, p. 10). In its response the Department concurred with the audit findings and stated that it has or will take corrective action in response to our audit. Therefore, no modification of the audit report is warranted.

We extend our gratitude to the personnel at the Suffolk County Department of Information Technology for their cooperation during the audit and for taking corrective action to address the deficiencies identified in our report.